



CONGRESSIONAL BUDGET OFFICE PAY-AS-YOU-GO ESTIMATE

October 18, 2000

H.R. 4285

Texas National Forests Improvement Act of 1999

As cleared by the Congress on October 5, 2000

H.R. 4285 would authorize the Secretary of Agriculture to sell or exchange certain lands and facilities located on several national forests in Texas. According to the Forest Service, those properties currently generate no significant receipts, and the agency does not expect them to generate any significant receipts over the next 10 years. The legislation would authorize the Secretary to spend, without further appropriation, proceeds from the sale of these properties to acquire or construct new administrative facilities or to purchase other lands. Allowing the Secretary to collect and spend receipts from the sale of property would affect direct spending; thus, pay-as-you-go procedures would apply, but we estimate that the net change in direct spending would not exceed \$500,000 in any given year.

H.R. 4285 also would authorize the Forest Service to sell about 57 acres of land and improvements to the New Waverly Gulf Coast Trades Center and to spend the proceeds from that sale. Based on information from the agency, we estimate that the property would be sold in 2002 for \$300,000. Under H.R. 4285, the center would have the option of paying the federal government for the property in up to seven annual installments, plus a 3 percent annual interest charge. For this estimate, and based on information from the Forest Service, we assume the center would choose to finance the purchase of the property.

Under the Federal Credit Reform Act, a financing arrangement involving the sale of a governmental asset that defers payments for more than 90 days is considered a direct loan. That act requires agencies to pay the estimated long-term cost to the government of issuing a direct loan, calculated on a net present basis, excluding administrative costs, when the loan is issued. Based on information from the Forest Service about the estimated value of the land and the likelihood of repayment by the center, we estimate that the cost of providing this loan would be about \$35,000. Thus, we estimate that enacting H.R. 4285 would increase direct spending by that amount in 2002. We also estimate that H.R. 4285 would increase both offsetting receipts from the sale and direct spending of those proceeds by \$300,000 over the 2002-2004 period.

The CBO staff contact for this estimate is Megan Carroll. This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.